

SUMMARY ANALYSIS OF AMENDED BILL

Franchise Tax Board

Author: Kelley Analyst: Darrine Distefano Bill Number: AB 998

Related Bills: See Prior Analysis Telephone: 845-6458 Amended Date: 05-16-2001

Attorney: Patrick Kusiak Sponsor: _____

SUBJECT: Zero-Emission Neighborhood Electric Vehicle Credit

- X DEPARTMENT AMENDMENTS ACCEPTED. Amendments reflect suggestions of previous analysis of bill as introduced February 23, 2001.
- X AMENDMENTS IMPACT REVENUE. A new revenue estimate is provided.
- _____ AMENDMENTS DID NOT RESOLVE THE DEPARTMENT'S CONCERNS stated in the previous analysis of bill as introduced/amended _____.
- _____ FURTHER AMENDMENTS NECESSARY.
- X DEPARTMENT POSITION CHANGED TO Support.
- X REMAINDER OF PREVIOUS ANALYSIS OF BILL AS INTRODUCED February 23, 2001. STILL APPLIES.
- X OTHER - See comments below.

SUMMARY

This bill would allow a credit of 30% of the purchase price of a new zero-emission Neighborhood Electric Vehicle (NEV).

SUMMARY OF AMENDMENTS

The May 16, 2001, amendments made the following changes to the bill:

- Reduced the maximum credit amount to \$3,000.
- Reduced the maximum credit amount that can be claimed each year to \$1,000.
- Requires the taxpayer to provide to FTB a copy of the title and a copy of the current DMV registration.
- Revised the definition of an NEV.
- Added a 7 year carryover period provision.
- Requires the Franchise Tax Board to report annually to the Legislature on the use of the NEV credit.

The May 16th amendments resolved the implementation concerns identified in the department's analysis of the bill as introduced February 23, 2001. Except for the discussion in this analysis, the remainder of the department's analysis of the bill as introduced on February 23, 2001, still applies.

Board Position:

<u>X</u> S	_____ NA	_____ NP
_____ SA	_____ O	_____ NAR
_____ N	_____ OUA	_____ PENDING

Legislative Director

Date

Brian Putler

06/11/01

POSITION

Support.

On May 2, 2001, the Franchise Tax Board voted 2-0 to support this bill, as introduced February 23, 2001.

ECONOMIC IMPACT

Revenue Estimate

This bill would result in revenue losses as shown in the following table:

Revenue Impact of AB 998 For Taxable Years Beginning On or After January 1, 2002 Assumed Enactment After June 30, 2001 Fiscal Year (In Millions)			
2001-2	2002-3	2003-4	2004-5
Negligible Loss *	-\$1	-\$2	-\$5

* Negligible Loss = Less than \$250,000

This analysis does not consider the possible changes in employment, personal income, or gross state product that could result from this proposal.

Revenue Discussion

The impact of this bill would depend upon the number of taxpayers purchasing new zero-emission neighborhood electric vehicles, the purchase cost of the vehicle, the number of vehicles purchased, and the average credit applied against tax liabilities.

Revised revenue losses above reflect a reduction of \$1 million for fiscal year 2004-5 from the bill as introduced February 23, 2001. This reduction in losses is attributable to reducing the maximum credit amount from \$6,000 to \$3,000 per qualified person and reducing the maximum credit allowable per 12-month period from \$2,000 to \$1,000.

The remainder of the department's revenue analysis and assumptions of the bill as introduced February 23, 2001, still applies.

LEGISLATIVE STAFF CONTACT

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